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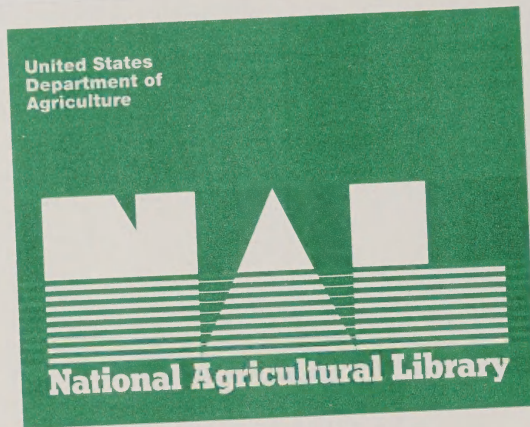
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Secretary's Forum on Farm Income and Agricultural Policy

North Carolina A&T University
Greensboro, North Carolina

September 30, 1993

Summary Report

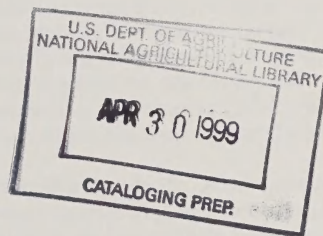


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Note: Major themes, recommendations, and summaries were presented without editorial comment or attempts to include opposing viewpoints. Inclusion of any statement does not imply USDA's agreement to the validity or accuracy of the information.

Executive Summary

On September 30, 1993, USDA sponsored the third and final regional forum on farm income and agricultural policy in Greensboro, North Carolina, on the campus of North Carolina A&T University. Dr. Forte, Chancellor of cosponsor North Carolina A&T University, provided a forum welcome. The purpose of the forum was to solicit suggestions on ways to improve farm income, increase agricultural exports for U.S. farmers in agribusiness, and streamline the USDA structure and delivery system. The attached summary highlights the major themes and recommendations of the Greensboro forum.

A total of 52 participants on 12 separate panels presented their views to a panel of 5 USDA representatives. There were also papers submitted by 4 participants who could not speak at the forum. Panelists gave three-minute statements on U.S. agricultural issues that need to be addressed by policy-makers. Following each presentation, time permitting, follow-up questions were asked by the USDA staff. Time constraints did not permit audience participation in the forum, though walk-ons were permitted to speak at the forum.

The overriding theme at the Greensboro forum centered on how to maintain or increase rural farm income. To illustrate the problem, in the last 12 years, North Carolina has lost 35 percent of its farms to foreclosures. The reasons given for farm problems included increased capital and labor costs, depressed commodity prices, the influx of cheap imports, and natural disasters. The agriculture programs designed to help farmers out of these predicaments—price supports, FmHA loans, and disaster assistance—were argued by some presenters to be time-consuming, over-regulatory, and ineffective.

The NAFTA and the GATT drew the largest number of comments from presenters. The majority did not support NAFTA because they felt U.S. agriculture must be protected from the projected flood of cheap, imported goods. Peanut growers were most vocal in their opposition to trade that could hurt U.S. domestic producers. Speakers who supported NAFTA foresaw its success only to the degree it promoted free and fair trade.

Streamlining USDA was an issue which also elicited a large number of responses. The majority supported the proposed concept of “one stop shopping”, with several caveats. The services provided to farmers must not be compromised by any reorganization. Second, USDA must continue its partnership with local farmer organizations. Specifically, the farmer-elected committee system is an essential component in administering USDA programs, and any reorganization must involve close consultation with local and state farmer organizations.

Recommendations were given on how and where to restructure specific USDA agencies, including the Agricultural Stabilization and Conservation Service (ASCS), Soil Conservation Service (SCS), the Packers and Stockyards Administration, the Federal Grain Inspection Service (FGIS), and the Farmers Home Administration (FmHA). In particular, there were differences of opinion on grouping the conservation programs of USDA.

The issue of increased support for limited-resource and minority farmers was raised by many participants. The decline in minority-owned farmers has reached a crisis stage. Several speakers accused FmHA loan officers of racial discrimination and other unfair practices that prevented cash-strapped farmers from receiving loans. Participants recommended that USDA better target programs for these farm operations.

To increase demand for domestic products, participants argued for increased use of export programs such as the Export Enhancement Program (EEP), the Dairy Export Incentive Program (DEIP), and GSM credit guarantees. Dairy, meat, and tobacco industry representatives were most vocal in their support for these programs, while peanut growers voiced unanimous opposition. The tobacco industry protested the elimination of Market Promotion Program funds for tobacco products as well as the lack of GSM credit guarantee programs.

Concern with USDA's domestic price programs focused on the dairy program and the need to devise an alternative system for the price and supply management of milk. Specific program changes were also recommended for honey bees, peanuts, forests, cigarettes, and wheat.

A number of participants discussed problems with USDA's environmental and conservation programs. Because of the prohibitive cost of these programs to farmers, speakers lobbied for educational and financial incentives rather than burdensome environmental regulations. Some speakers disagreed with the proposal to move the conservation programs of ASCS to the Soil Conservation Service. Several speakers spoke out in favor of policies that support sustainable agriculture.

Speakers raised a number of other problems with FmHA insurance. It was argued that the FmHA interest rates are too high, that paperwork was cumbersome, that the loan limit was too low, and that loan officers were unfair.

Alternative enterprise and technologies were discussed that focused on increasing production of ethanol, raising unconventional animals such as ostrich, and promoting no-till farming. Justifications were based on raising commodity prices and farm income.

Differences of opinion occurred regarding speakers' positions on international trade and domestic programs. Those in the dairy industry, the largest proportion, argued that the price and supply programs are inadequate and farmers are leaving the industry. Representatives of the tobacco industry argued that the current programs are successful, and tobacco products provide the tax revenue that drives the Carolina economies; however, the industry is threatened with higher taxes. In general, both the tobacco and dairy industry representatives supported trade legislation. In contrast, those representing the peanut industry argued that NAFTA legislation would bankrupt the industry because of cheap peanuts imported from Mexico.

To revitalize rural farm operations and increase farm income, participants suggested that USDA:

- a. redesign the price support and supply management programs, particularly for dairy products;
- b. improve administration of FmHA loans and disaster assistance;
- c. increase use of export programs while protecting U.S. agriculture from cheaper, imported goods;
- d. reduce paperwork and regulation through streamlining of USDA;
- e. reduce proposed tax burden on tobacco industry;
- f. restructure conservation programs to reduce costs to farmers;
- g. increase support for limited-resource farmers; and
- h. support new technologies and industries such as ethanol production.

List of Participants

USDA Panel

Honorable Gene Moos, Under Secretary of Agriculture for International Affairs and Commodity Programs

Dr. Keith J. Collins, Acting Assistant Secretary for Economics

Mr. Dallas Smith, Under Secretary Designate for Commodity Programs, Agricultural Stabilization and Conservation Service

Mr. Bruce R. Weber, Acting Administrator, Agricultural Stabilization and Conservation Service

Mr. John A. Miranda, Acting Administrator, Office of International Cooperation and Development

Presenters

Panel 1

Mr. James A. Graham, Commissioner of Agriculture, State of North Carolina

Ms. Mary Ann Shepherd, 1st Vice President, Women Involved with Farm Economics, Shorterm, Alabama

Mr. Fred Bond, Chief Executive Officer, Flue-Cured Tobacco Cooperative, Stabilization Corporation, Raleigh, NC

Mr. Paul Dew, Executive Vice-President, North Carolina Agribusiness Council

Ms. Joann W. White, Farmer, Harmony, North Carolina

Mr. J.T. Bunn, Executive Vice-President, Leaf Tobacco Exporters Association, Raleigh, NC

Panel 2

Mr. Tom Garrison, Dairy Farmer, Pendleton, South Carolina

Philip J. Barker, Farmer, Oxford, North Carolina

Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan

Mr. Robert Caldwell, Master, North Carolina State Grange

Panel 3

Mr. James Ferguson, Chairman, North Carolina Soil and Water Conservation Commission

Mr. David Waller, Policy Director, Farm Plan Advocate, Oak City, North Carolina

Mr. John Currin, President, North Carolina Association of County Office Employees

Mr. Charles Snipes, President, Association Soil & Water Conservation District, Hillsborough, North Carolina

Mr. J. Larry Barbour, Farmer, Clayton, North Carolina

Panel 4

Mr. Bob Junk, President, Pennsylvania Farmers Union

Mr. John Parker, Assistant to the President, North Carolina Farm Bureau

Mr. Horace Godfrey, Farmer, Littleton, North Carolina

Mr. Ward Shaw, Executive Vice President, North Carolina Soybean Association

Panel 5

Mr. Peg Malone, Concerned Citizen, Burt, Michigan

Mr. Victor Crosby, Chairman, Legislative Committee, United Farmers Organization

Mr. Frank Bordeaux, Executive Director, North Carolina Agricultural Finance Authority

Mr. David H. Harris, Jr., Executive Director, Land and Loss Prevention Project, Durham, North Carolina

Mr. Norfleet L. Sugg, Chief Executive Officer, North Carolina Peanut Growers Association

Panel 6

Mr. David J. Noles, Farmer, Lincolnton, North Carolina

Mr. Veta Ireland, President, Hemrick House Lighting, Hamptonville, North Carolina

Mr. Tim Pigford, Farmer, Farmers at Large, Riegelwood, North Carolina

Ms. Ardath DeWall, 1st Vice President, American Agri-Women

Mr. Bob Cathey, President, North Carolina Trellised Tomato Growers

Panel 7

Mr. Ron Day, Farmer, North Carolina Crop Residue Management Alliance

Mr. George Rolofson, Ciba-Geigy Corporation

Mr. Murray Corriher, Farmer, China Grove, North Carolina

Mr. Leonard C. Cooper, President, Organic Crop Improvement Association

Mr. Ronald L. Dameron, President, Ostrich Breeders Association

Panel 8

Mr. Nan H. Griswold, Executive Director, Food Bank of Northwest North Carolina

Mr. Betty Grum, 2nd Vice President, American National Cattlewomen

Ms. Mary Clouse, Rural Advancement Foundation International

Ms. Renee Price, Environmental Planner, Agricultural Resource Center

Ms. Betty Bailey, Rural Advancement Foundation International

Panel 9

Mr. David Henderson, Owner, Henderson Forestry Consultant Company

Mr. David Iles, Dairyman, Littleton, North Carolina

Mr. Kay Elrod, Dairy Farmer, Piedmont, South Carolina

Mr. Madison Angell, President, National Association of Wheat Growers

Mr. Daniel M. Lyons, ANR Program Coordinator, North Carolina A&T Cooperative Extension Service

Panel 10

Mr. Bill Harris, President, Carolina's Milk Producers Federation

Mr. Gordon Washburn, President, VASCOE

Mr. Billy Harvey, Project Director, Rural Advancement Fund

Panel 11

Mr. Charles A. Harvey, Executive Vice President, Tobacco Growers Association

Mr. Jerry Murrell, Farmer, Gibsonville, North Carolina

Mr. Louis Dozier, Farmer, North Carolina

Mr. Homer Fennell, Educator, Wilmington, North Carolina

Panel 12

Mr. Tom Gilmore, State ASCS

Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan

Ms. Joann W. White, Farmer, Harmony, North Carolina

Submitted Papers

Ms. Lisa Hessman, Director, Catholic Diocese of Dodge City, Dodge City, Kansas

Mr. Jeff Oates, U.S. Meat Export Federation

Mr. Frank B. Barick, Wildlife Consultant, Raleigh, North Carolina

Mr. Hal Hamilton, Director, Community Farm Alliance

Introductory Remarks by Under Secretary Eugene Moos

Thank you very much Chancellor Forte for your gracious comment and your welcome. On behalf of Secretary Espy, I want to say how pleased we are to be here today to be a part of the North Carolina A&T operation to bring forward a program on our farm forum. I particularly want to thank Dr. Forte and his faculty and staff here at the North Carolina A&T for cosponsoring this important forum. I commend you, Chancellor, and your faculty for your efforts to share today's proceedings on a national satellite broadcast. I know that the agricultural program here at A&T focuses on the problems and concerns of small scale farmers, rural communities, and limited resource families and children. Whether those problems deal with waste management, agricultural sustainability, food safety, or alternative agricultural enterprises, I am sure that the A&T School of Agriculture has been in the forefront making a difference for small scale farmers and rural communities. I applaud your efforts and look forward to working with you in the future.

Turning to today's program, this, as the Chancellor indicated, is the fourth in a series of forums which began in Washington last August. A report of that meeting is in the lobby as well as additional information should you be interested. The Secretary wanted to reach out to our constituencies around the country. And so we conducted similar forums in Tempe, Arizona; Ames, Iowa; and now here at North Carolina A&T. As I hope that this forum will illustrate, it is with a very high priority for the Secretary and me to meet with you face to face and discuss the issues that affect you, in particular, and the U.S. and the world agriculture communities in general.

That is why we are here today, to let you know that Secretary Espy wants USDA to become more customer-friendly. We want to change the sometimes rather poor image of USDA and in the newly designed USDA, we will do things more efficiently and differently. We are certainly going to try. This is one of the Secretary's most important messages. He, I, and the rest of the USDA team want to reach out to America's grass roots, to the people like you, who are out here doing the important work that the rest of us depend on every day. Although the Secretary has dealt with crisis upon crisis since taking office, he has never lost sight of this goal of making USDA customer-friendly. We are here to solicit your suggestions on ways to improve farm income, increase agricultural exports for U.S. farmers in agribusiness, and streamline the USDA structure and delivery system. I am sure some of you have heard about Secretary Espy's reinventing USDA plan that he announced back on September 7. There will be more information on that plan and substantial opportunity for discussion about it. Hopefully, we can discuss some of that here today. A summary of that proposal is available outside the hall.

Right now, I would like to focus on this beautiful area of the country. This State boasts one of the most diverse economies in the nation, and production agriculture plays a leading role. Agriculture in North Carolina and indeed throughout the Southeast is synonymous with proud, productive family farmers. It is especially appropriate that we are meeting here to offer solutions to problems facing farm income and agricultural policy because in no other region is it more apparent that small farmers truly exemplify American agriculture.

Earlier I mentioned the farm forum that we held in Washington, D.C. Well, at that forum, each commenter was asked to address the key issues of one, what is changing in U.S. agriculture and what are the issues that must be dealt with in the next few years; and two, what reforms are needed in domestic and international agricultural programs now and over the long-term? As you can imagine, there was much diversity and difference of opinion. One thing everyone did agree on is that America's agricultural policy must consist of a domestic farm policy and an international trade policy that best focus our resources to increase farm income and benefit agriculture as a whole.

Major Themes and Recommendations of Participants¹

The Secretary's Forum at North Carolina A&T drew 54 presenters, including 2 presenters who gave 2 presentations. There were also 4 submitted papers from participants whom did not make a presentation at the forum. The major themes and recommendations are summarized below.

Support Passage of Trade-Enhancing Legislation

- Strong farm management programs must be maintained and global markets pursued. NAFTA is good for agriculture and a step in the right direction. (*Mr. James A. Graham, Commissioner of Agriculture, State of North Carolina*)
- A number of forces threaten to diminish our exports, decrease farm income, and punish the tobacco industry unfairly. A congressional restriction on imports of key foreign tobacco has angered foreign customers. We ask that USDA continue support to overcome non-tariff trade barriers abroad such as China's phyto-sanitary regulation barring U.S. tobacco. We support NAFTA and the potential for opening markets that are now closed to U.S. tobacco. (*Leaf Tobacco Exporters Association, Raleigh, North Carolina*)
- We support the GATT and NAFTA negotiations. Our reservations are that we will lose the protection of Section 22. Producers of Section 22 commodities cannot compete with low-cost developing countries. A level playing field goes beyond tariffs and non-tariff barriers. Future USDA policy must allow agriculture to be competitive, flexible, and stable, and agricultural exports are crucial to maintaining a viable industry. (*North Carolina Farm Bureau*)
- We support passage of NAFTA. (*North Carolina Soybean Association*)
- Free and fair trade must be encouraged for agriculture products. (*Mr. Murray Corriher Farmer, China Grove, North Carolina*)
- Agricultural exports and farm income are inextricably linked. Expanding exports of U.S. agricultural products is a matter of national interest. Thus, the Meat Industry

Trade Policy Council firmly supports the NAFTA as well as the conclusion of the Uruguay Round of the GATT. We are against the Blair House Agreement's provision which enables countries to aggregate commodities to meet import levels; this will result in 300,000 to 400,000 metric tons of lost pork exports to the EC. However, we do support the Agreement's prohibition of the EC's subsidized beef products from entering new markets in the Pacific Rim. Finally, we support the proposed sanitary and phytosanitary provisions of the Uruguay Round. (*U.S. Meat Export Federation*)

Maintain Legislation That Protects U.S. Agriculture

- America's small and medium-sized mainstream producers will face extreme hardship under the NAFTA agreement. The supplemental agreements will have a devastating impact on U.S. peanut producers, the dairy producers, the livestock and meat packing industry, the environment, and the country's supply and price management programs. The principal benefactors of NAFTA will be the multinational grain dealers. (*Farm Plan Advocate, Oak City, North Carolina*)
- NAFTA should not be approved if it includes the loss of Section 22—this would deprive milk producers of the ability to use supply management programs. (*Pennsylvania Farmers Union*)
- USDA must stop foreign dumping of agricultural products into the U.S. by assessing tariffs and duties on imports from countries which do not have similar wages and costs of production. (*Ms. Peg Malone, Concerned citizen, Burt, Michigan*)
- The GATT and NAFTA agreements spell disaster for U.S. farmers. In response, USDA should continue the moratorium on farm and small business foreclosures and reposessions. (*United Farmers Organization*)
- NAFTA cannot be supported because it will abolish Section 22, resulting in a flood of cheaper, imported goods. (*Land and Loss Prevention Project, Durham, North Carolina*)
- Pending trade agreements, particularly NAFTA, are a threat to producers of peanuts. The replacement of Section 22 with tariff rate quotas will give Mexican growers an economic advantage over U.S. producers. As subsidies decrease, U.S. corn and soybean could induce Mexican producers to shift to commodities such as peanuts. Peanut producers also fear increases in imports

¹ Presenters' remarks are quoted or paraphrased in this document.

of peanut butter from Canada, a repeat of what happened since ratification of the Canada Free Trade Agreement. Canada imports peanuts from Argentina and China and re-exports butter to the U.S. Finally, legislation must contain provisions about quality for reentry of previously exported peanuts. (*North Carolina Peanut Growers Association*)

- I have concerns about the proposed trade agreements, GATT and NAFTA. I feel the concept of a level playing field has been abandoned because other countries will have an advantage after the proposed reductions in export subsidies. I disagree with NAFTA's proposed replacement of Section 22 import quotas with a system of tariffs (i.e. tariffication). The U.S. milk prices would still be too low even if world prices rose 30-40 percent, thus threatening the profitability of U.S. dairy farmers. Increasing market share does little good to the U.S. farmer if domestic prices must be reduced. (*American Agri-Women*)
- Our industry feels increased exports will only benefit the multi-national grain traders and poultry processors; the farm income of contract growers will not increase by one penny. (*Rural Advancement Foundation International*)

Streamlining USDA

- We support the proposed USDA "one-stop shopping" concept for USDA reorganization. (*North Carolina Agribusiness Council*)
- We support USDA's proposal to close field offices provided the consolidation does not increase costs to farmers for the service they receive. Coordinate the moves and closures with local groups such as the Grange, Farm Bureau, and others. We also support the move to allow one USDA agency to make wetlands decisions. This will reduce the regulatory nightmare that farmers have lived under. (*North Carolina State Grange*)
- The N.C. Soil & Water Conservation Commission supports USDA's reorganization proposal which consolidates technical assistance and cost sharing conservation programs in one place at USDA. This results in a strong emphasis on natural resource conservation. (*North Carolina Soil and Water Conservation Commission*)
- Begin reorganization and streamlining at USDA's headquarters in Washington, D.C. The direction should not be focused on the field offices where the services to farmers are actually delivered. The "one-stop shopping" concept can only be effective if the service centers are carefully chosen—consideration must be given to topography, dis-

tance, and normal marketing channels. We are also concerned over the proposal to shift conservation cost-share programs from ASCS to a new conservation agency. Finally, we recommend that no merger take place between the Packers and Stockyards Administration and the Federal Grain Inspection Service. (*North Carolina Farm Bureau*)

- In terms of USDA's reorganization, I strongly disagree with transferring the ACP to NRCS. The ASCS office has the ability to operate these programs. To reduce federal expenditures, I recommend the following: consolidate division commodity offices but minimize impact on farmers; eliminate middle management positions; eliminate all state district directors in all agencies; review need for area directors; and transfer sweetener functions in ASCS to DASCO. (*Mr. Horace Godfrey, Farmer, Clayton, North Carolina*)
- We favor USDA's reorganization under one Farm Service Agency (FSA). Service should be the driving theme. In terms of the Delaney Act, we support your proposal to establish the SCS as the single entity to farmers for wetlands regulation; we also commend efforts to revise the Delaney Act. (*North Carolina Soybean Association*)
- USDA should not split FmHA farm and housing programs into two agencies under different Under Secretaries nor place conservation components of the SCS with another Under Secretary. This defeats the idea of one-stop shopping espoused by Secretary Espy. The National Appeals Division should be totally independent from any agency of USDA, and we support the provisions of the National Appeals Division Act of 1993. NAFTA cannot be supported because it will abolish Section 22, resulting in a flood of cheaper imported goods that will leave North Carolina unable to compete. (*Land and Loss Prevention Project*)
- The USDA can save money by restructuring ASCS, FmHA, and SCS into one office. These savings will benefit the private sector by increasing capital for economic development. (*Mr. Murray Corridor, Farmer, China Grove, North Carolina*)
- Poultry contract farmers have not received nearly the same returns as the industry leaders and owners. There are several solutions. USDA should hold special field hearings to elicit opinions from growers, bankers, and industry officials. Strengthen the Packers and Stockyards Act coverage for poultry growers. Reassign resources within the Packers and Stockyards Administration to reflect the consumer move to poultry from red meat.

Include contract farmers for coverage when redesigning the Federal Crop Insurance program. We support USDA's proposal to move the National Appeals Division to become an independent office under the Secretary of Agriculture. We also support the proposed consolidation of departments to become the Farm Service Agency. (*Rural Advancement Foundation International*)

- I support the Administration's proposal of consolidating ASCS, FmHa, and FCIC into the Farm Services Agency (FSA). However, I question why the Soil Conservation Service (SCS) is not included in the FSA conglomerate? This program has been administered efficiently by ASCS for over 50 years. A better idea would be to combine ASCS and SCS because ASCS program operations depend on the technical operations of SCS. (*VASCOE*)
- We recommend that all farmer services be provided under one agency, that all information be computerized, and that USDA restrict its services to agriculture and not social services. (*Rural Advancement Fund*)
- The regulations passed with the 1985 and 1990 farm bills are overburdening U.S. farmers. These farmers are already plagued with droughts, diseases, and low prices for their products. To save tax dollars, we should scuttle agencies such as the Soil Conservation Service and put farmers to work on the next farm bill. Then we can get the price of farm products above production costs so they don't need taxpayer help. (*Mr. Jerry Murrell, Farmer, Gibsonville, North Carolina*)
- We support new technology in the meat inspection system to assure importers that our meat is the safest in the world, but we oppose the merger of FSIS with the FDA. This merger could jeopardize FSIS's efforts to revolutionize meat inspection in the United States. (*U.S. Meat Export Federation*)

Maintain Partnership Between USDA and Local Farmer Organizations

- We support the partnership between USDA, the state, and local conservation leaders. To illustrate the success of this partnership, this year, the state-funded cost-share program provided \$8.25 million in direct help to farmers to solve water quality problems. (*North Carolina Soil and Water Conservation Commission*)
- The farmer-elected committee system is a good system with a proven track record. The committees are made up of farmers that are elected by farmers for the purpose of serving farmers. This system is responsive to the local needs. Look at the success of the crop disaster programs

for 1992 and 1993 under severe time constraints. Our association supports the creation of the Farm Service Agency (FSA) only if the farmer-elected committee system is present. (*North Carolina Association of County Office Employees*)

- The streamlining of USDA must not change the successful partnership between USDA and local soil and water conservation districts. The efforts to solve natural resource problems can only be continued with the partnership of USDA's Soil Conservation Service and our local soil conservation districts. (*Association Soil and Water Conservation District, Hillsborough, North Carolina*)
- My major concern is that the restructuring of USDA may take away the farmer-elected county committee system. We do not want another bureaucracy established which could make programs more complicated. The farmer-elected committee persons are responsive to needs of counterparts because they are neighbors. I do not support the proposal to transfer conservation programs of ASCS to the Soil Conservation Service. The committee systems mentioned above fairly provide cost-share dollars to those farmers with conservation needs. Please do not change the structure of farmer-elected county committees and county employees at ASCS which has provided economical services for the last 60 years. (*Mr. J. Larry Barbour, Farmer, Clayton, North Carolina*)
- Please maintain the current elected committee systems within counties. (*North Carolina Farm Bureau*)
- The farmer elected committees must be reactivated and adequately funded. (*Mr. Horace Godfrey, Farmer, Littleton, North Carolina*)

Reduce Regulations and Paperwork

- USDA should reduce the rules and regulations that burden farmers with paperwork. A profit on the marketplace is essential for farmers because agriculture is the base of the economy. (*Women Involved with Farm Economics, Shorterm, Alabama*)
- Growers are facing increasing cost of registration and re-registration of chemicals. USDA should create a program to work with minor crops and chemicals—we need a faster and less expensive way. We also support the move to allow one USDA agency to make wetlands decisions. This will reduce the regulatory nightmare that farmers have lived under. (*North Carolina State Grange*)

- Farmers have been greatly impacted by the increasing burden of regulations and restrictions on land use and inputs. (*North Carolina Farm Bureau*)
- We ask that you reduce paperwork so that farmers don't waste time. (*North Carolina Soybean Association*)
- Reduce wasteful paperwork and record-keeping by streamlining ASCS reporting requirements so that reports accurately reflect farm operations. (*Mr. Peg Malone, Concerned citizen, Burt Michigan*)
- USDA should reduce the burden of regulations and paperwork such as the 60,000 pages of ASCS regulations. (*Mr. Murray Corriher, Farmer, China Grove, North Carolina*)
- We believe that government regulations are the culprit in preventing much needed food from reaching the needy in this state. The present system of state-by-state and county-by-county distribution of TEFAP commodities creates logistical nightmares. The TEFAP paperwork must be reduced. (*Food Bank of Northwest North Carolina*)

Changes Needed in Domestic Commodity Programs

- On the issue of set-aside acreage, we request a change in the policy to enable a farmer unrestricted planting of non-program crops once the wheat crop is harvested. Currently, farmers must idle acreage in order to comply with the wheat program. (*North Carolina Soybean Association*)
- The honey-bee industry in North Carolina has problems in the wake of the 1993 honey disaster. In disaster provision regulations of the Farm Bill, one cannot decide which honey is marketable and which is not. In the disaster program, there are also no provisions to replace honey in the brood box. Bees are lost in great numbers due to use of pesticides in apple production. USDA needs to educate growers on the use of pesticides. Finally, there is a problem with the backyard hobby beekeeper. We request that authorities require that all beekeepers register their bees to be inspected. (*Mr. David J. Noles, Lincolnton, North Carolina*)
- Organic peanut farmers are discriminated against for growing peanuts for export markets unless they have a peanut quota. The Peanut Growers Association interest is not in foreign markets but in controlling the domestic market. There are U.S. export opportunities for U.S. organic peanuts in Canada, the Netherlands, England, and Japan. USDA must change the quota system to

enable participation by organic peanut exports. (*Organic Crop Improvement Association*)

- My forest landowner clients reforested approximately 3,000 acres through assistance of the local ASCS office's Forestry Incentive Program (FIP). I am against the proposal to replace FIP by the Stewardship Incentive Program (SIP). The FIP is easy to use and efficient, while the SIP involves unnecessary government bureaucratic involvement because of the number of agencies that play a role. (*Forestry Consultant Company*)
- USDA should study the impact of the recent law passed requiring all U.S. cigarettes contain 75 percent U.S. grown flue-cured and burley tobacco. Approximately 60 percent of flue-cured tobacco is exported, mixed with 500 million pounds of imported tobacco. This new content requirement mandates that we now compete with cigarettes made from 100 percent foreign tobacco. We also recommend that USDA study tobacco's marketing system: the profitability of current market facilities, delivery volume, and the grading process. Finally, USDA should change the regulations regarding burley quotas so that forfeited quotas are reallocated to growers in the same state. (*Tobacco Growers Association*)
- The American farmer is in trouble as evidenced by bare fields and poverty. More and more farmers are going bankrupt because of high expenses and low commodity prices. Farmers are asking USDA to help them lead a more comfortable life so that farming does not become a memory. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)

Changes Needed in Price Support System

- Farm profit loss is the most serious challenge facing agriculture production. We are "price takers". Unfortunately, commodity prices are not sufficient to cover farm input costs, rural property taxes, and living expenses. Why don't farmers receive a fair return on their investment in capital and labor? (*Women Involved with Farm Economics, Shorterm, Alabama*)
- The federal price support system has also not helped the dairy producers. (*Mr. Tom Garrison, Dairy Farmer, Harmony, North Carolina*)
- ASCS programs and the Board of Trade practices ensure that farm prices are below the cost of production. (*United Farmers Organization*)

Changes Needed in Loan Rates

- The farming community in a financial crisis; profit margins are small which is forcing foreclosures. One of the issues is low commodity prices. To increase commodity prices and farm income, we should increase grain trade with foreign countries using the barter system. The loan rates should be raised so that commodity prices are more in line with inflation; this action would obviate the need for deficiency payments. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)

Supply and Price Management of Milk

- Dairy production is no longer a profitable industry. We are suffering from low milk prices—about the same prices received in the late 1970's. Because of low milk prices we cannot compete in the labor market, and workers are leaving the industry and going to other industries. The milk pricing system must change. The Minnesota-Wisconsin pricing system is unfair to dairy producers in milk deficit states such as South Carolina. The federal price support system has also not helped the dairy producers. Second, the milk marketing system must change. We must revitalize our dairy markets by tying consumption of dairy products to a nationwide prevention health car program. (*Mr. Tom Garrison, Dairy Farmer, Pendleton, South Carolina*)
- Dairy farmers receive insufficient milk prices. There are eight steps USDA can take to improve the desperate farm income situation. First, raise the milk support price by \$0.50 cwt. Second, pass emergency provisions to set the basic formula prices at \$13.09 cwt until the 1995 farm bill is passed. Next, to stabilize prices, implement a supply management program which assigns base to producers. Four, reform milk marketing orders to maximize returns to producers. Five, Class III-A pricing should not be implemented because it lowers the blend price for producers. Six, the National School Lunch Program should be expanded, and whole milk should remain an option for students. Seven, continue research on the synthetic bovine growth hormone before it is approved for use. Finally, NAFTA should not be approved if it includes the loss of Section 22—this would deprive milk producers of the ability to use supply management programs. (*Pennsylvania Farmers Union*)
- The only fair way to address the needs of the industry and the consumer is to adopt a two-tier plan as advocated by the National Dairy Campaign. Under this plan the government would no longer have surplus milk and dairy subsidies. A more realistic pricing method is needed than

the current system of the Green Bay Exchange. In summary, agriculture in general and the dairy industry in particular is dying because of low commodity prices and changes in tax laws that have adversely impacted us. (*Mr. David Iles, Dairyman, Littleton, North Carolina*)

- The current system of milk pricing is not working in this country. Dairy farmers receive below their cost of production price for their milk, and are in a Catch 22 situation when they try to change the pricing policy. Congress tells us to work with the co-ops as stipulated in the Kapper-Volstead Act, and the co-ops tell us they do not set national dairy policy. We have nowhere to turn. Thus, we request that USDA support a two-tier, cost of production, supply management-type program. (*Ms. Kay Elrod, Dairy Farmer, Piedmont, South Carolina*)
- Dairy farmers are being forced to reconsider staying in the business because of increasing input costs and regulations combined with decreasing milk prices. However, we commend USDA for maintaining the Federal Order Class I price differentials, which ensure the supply of milk to areas where the supplies are irregular. We also recommend that USDA continue promotion of the Dairy Export Incentive Program (DEIP). DEIP activities help stabilize domestic prices. We support the proposed self-help program as it is currently structured. (*Carolina's Milk Producers Federation*)

Fair Tax Burden for Tobacco Industry

- Tobacco farmers are concerned about the proposed tobacco tax. Growers ask that they be treated fairly. (*Mr. James A. Graham, Commissioner of Agriculture, State of North Carolina*)
- My focus is the proposed tax on tobacco to pay for the health care reform package. It is unfair to single-out tobacco products because tobacco growers already pay a fair share in taxes. The tobacco I produce generates \$62,000 per acre in state and federal taxes. Why is the government trying to eliminate tobacco use yet trying to pay for the national health care program with a tobacco tax? Tobacco farmers should be treated fairly; otherwise, farmers like myself will be put out of work. A \$1 increase in cigarette tax would cause 14,000 people to lose their jobs in tobacco. (*Ms. Joann W. White, Farmer, Harmony, North Carolina*)
- The Grange asks that the administration reconsider the tax on tobacco products. There will be a severe impact on farming families. (*Mr. Robert Caldwell, Master, North Carolina State Grange*)

Reform Crop Insurance & Disaster Assistance

- The Federal Crop Insurance program should be improved to eliminate fraud and waste. There are four suggestions: unit reduction; re-evaluate land risk levels; mandatory compliance in the program; and ASCS office use to implement the program. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)
- The Carolinas have been declared disaster areas and one-half of the bridges need replacing. The SCS should work with the DOT to use highway and bridge funds to build water-enclosing areas. (*United Farmers Organization*)
- Reorganize the disaster program. The participants who receive money don't deserve or need it. I have never qualified for the program because my tomato yields are too high. Other farmers who do a good job managing will never qualify for disaster assistance. I recommend the following changes to the program. Provide low or no interest loans and require producers to pay the money back. Provide crop insurance that is affordable and available for everyone. (*North Carolina Trellised Tomato Grower*)
- Disaster funds and crop insurance must be better targeted to those operations that truly need assistance. Crop insurance must be affordable for cash-strapped farmers. (*Mr. Murray Corriher, Farmer, China Grove, North Carolina*)
- Insurance is not affordable for the cattle industry. (*American National Cattlewomen*)
- Crop insurance works for some farmers and not for others. Disaster eligibility is calculated so that there is a significant loss long before the ASCS office agrees with the assessment. The current freeze on ASCS payment yields should be lifted, and a yield floor should be established below which the yield cannot drop in the event of disasters. For 1993, USDA should review the retroactive adjustment method used for wheat losses between 1990 and 1992. We disagree with NAWG's stated preference for the current system over an ASCS delivery of crop insurance. USDA needs to reform crop insurance so farmers receive better service from USDA. We prefer that FCIC continue with the 1993 price election of \$3.00, and not the high-price-election price of \$2.80 which is inadequate. (*National Association of Wheat Growers*)

Changes in Environment and Conservation Programs

- We also support USDA's current strategy of encouraging changes in farming strategies to improve environmental quality through education and financial incentive rather than regulations. (*North Carolina Agribusiness Council*)
- We are against the rigid language of the Delaney Clause which blocks the use of many important chemicals—environmentalists are tipping the balance in their favor at the expense of U.S. agriculture. (*North Carolina State Grange*)
- In addition to our traditional conservation programs, our districts are also implementing the North Carolina Agricultural Cost-Share Program and helping farmers meet the conservation requirements of the 1985 and 1990 farm bills. These efforts to solve natural resource problems can only be continued with the partnership of USDA's Soil Conservation Service and our local soil conservation districts. (*Soil and Water Conservation District, Hillsborough, North Carolina*)
- I do not support the proposal to transfer conservation programs of ASCS to the Soil Conservation Service. The committee systems mentioned above fairly provide cost-share dollars to those farmers with conservation needs. (*Mr. J. Larry Barbour, Farmer, Clayton, North Carolina*)
- Quality determines whether products will be purchased or docked, and we must ensure that farm inputs are available to enhance this quality. However, USDA recently proposed changes in pesticide regulations that may negatively impact on farmers' profits. What is USDA's definition of IPM? Reduction of pesticides should be a goal, but do not expect zero detection. The conservation calculation for tolerance standard, as proposed by USDA, is very inaccurate. (*Ciba-Geigy Corporation*)
- Animal care is in the best interests of the producers, guaranteeing him a healthy, high-quality product. Environmental over-regulation will threaten cattle production, so the program must remain at the state and local level to ensure relevant measures are being taken. (*American National Cattlewomen*)
- The Agricultural Resources Center (ARC) urges USDA, in concert with other public agencies and organizations, to support the transition to sustainable agriculture in the following ways. USDA should support funding for the SARE program. All research and extension programs must be reevaluated to determine if sustainability results from the program. The Organic Food Production Act

must be implemented. The Delaney Clause of the Federal Food Drug and Cosmetic Act must be enforced. Avoid high-technology solutions such as irradiation, herbicide-tolerant crops, and bio-engineered hormones. Finally, prioritize research into least toxic alternatives for pest control in minor crops. *(Mr. Renee Price, Environmental Planner, Agricultural Resource Center)*

- USDA should look at public support for conservation measures enacted by farmers such as reduction in pesticides and herbicides. Use FmHA guaranteed loans to leverage support for sustainable enterprises by farmers and community members. Join members in Congress in holding a forum to focus on sustainable agriculture. Increase funding and outreach for the sustainable provisions of the 1990 Farm Bill: OFPA, IFMPO, WQUI, and SAREP. Finally, USDA should work closely with the President's Council on Sustainable Development. *(Rural Advancement Foundation International)*
- However, soil erosion and declines in numbers of the bobwhite quail are partly attributed to farming practices which include clean ditchbanks and farming right up to the edge of the ditch. A solution is to properly manage the ditches and to plant shrubbery. These areas, called filter strips, would qualify for ACR credit and take land out of production while providing the farmer with additional income. This modification would also allow the quails to prosper once again and permit farmers to earn income from sales of hunting privileges. *(Mr. Frank B. Barick, Wildlife Consultant, Raleigh, North Carolina)*

Encourage Rural Development

- We support the increased focus on rural development in USDA's restructuring. Specifically, USDA should continue funding for research and extension programs, and continue partnerships with national agribusiness council. *(Leaf Tobacco Exporters Association, Raleigh, North Carolina)*
 - The farming community is in a financial crisis now because the profit margins are small which forces foreclosures. The issues to be addressed are low commodity prices, the banking industry, Federal Crop Insurance program, and the Food Stamp program. *(Ms. Susan Sawatzki, Wife of Farmer, Signaw, Michigan)*
 - We fully support USDA's priority of rural development. The prosperity of our towns and villages is a reflection of the prosperity of the surrounding farm communities. *(North Carolina Soybean Association)*
 - My focus today is how we can increase farm income and revitalize rural America. The reasons for low income lev-
- els are low commodity prices and the risks faced by farmers, including natural disasters, embargoes, disease, and market manipulation. To address these basic problems and reduce USDA budget outlays, there are several things USDA can do. Ethanol production and use must be increased which results in new jobs for farming, processing, and construction. Second, USDA must stop dumping of foreign agricultural products into the U.S. by assessing tariffs and duties on imports from countries which do not have similar wages and costs of production. Third, increase use of the export enhancement program to fight unfair subsidizing of other nation's products. Four, reduce wasteful paperwork and record-keeping by streamlining ASCS reporting requirements so that reports accurately reflect farm operations. *(Ms. Peg Malone, Concerned citizen, Burt, Michigan)*
- My comments focus on what USDA can do to improve farm income through agricultural sustainability. The areas of activity are marketing, farm services, lending, commodity programs, rural development, research, and trade. Thus, I recommend the following actions by USDA. Encourage support for the Farmers Market/WIC program and examine other food assistance programs that can match needs of the hungry with those providing the food. USDA should look at public support for conservation measures enacted by farmers such as reduction in pesticides and herbicides. Use FmHA guaranteed loans to leverage support for sustainable enterprises by farmers and community members. Join members in Congress in holding a forum to focus on sustainable agriculture. Increase funding and outreach for the sustainable provisions of the 1990 Farm Bill: OFPA, IFMPO, WQUI, and SAREP. Finally, USDA should work closely with the President's Council on Sustainable Development. *(Rural Advancement Foundation International)*
 - I disagree with the first panelist that we shouldn't combine efforts towards agriculture and social areas. I feel the two areas are related. I ask that we consider past efforts at urban development as a metaphor for rural development. In spite of the glass buildings and parking lots built during the 60's and 70's, there are still homeless and jobless in the cities. The social aspect of agriculture is important. A farmer runoff the farm will end up in the city and we will pay the social costs associated with unemployment. USDA must make funds available to small farmers. *(Mr. Louis Dozier, Farmer, North Carolina)*
 - According to state sources, low farm income levels have resulted in the loss of 2,000 farms in the State of Kansas between 1991 and 1993. The specific causes of farm foreclosures in rural areas are devalued property values, tighter credit, and declines in commodity prices. USDA

policy-makers must work with rural residents when “reinventing the wheel” of farm policy. Local “model” organizations must be funded that work with farmers and communities. Finally, multi-national corporations that move into rural areas have an obligation to pay a fair price for the raw materials and resources they exploit. (*Catholic Diocese of Dodge City, Kansas*)

- The tobacco regions of America are faced with many problems. The Community Farm Alliance proposes that USDA support the establishment of a Tobacco Region’s Reinvestment Fund (TRRF). The purpose of TRRF is to issue Commodity Credit Corporation loans, tobacco-quota-retirement credits, and grants. All of these activities may assist in the development of diverse agricultural enterprises in America’s tobacco growing regions. (*Community Farm Alliance*)

Improve Government Support for Limited-Resource Farmers

- Black farmers are still on the farm because of the moratorium imposed by USDA on farm closures. We want to remain owners and operators of our farms. By the year 2000, there will be no more black farmers who own their farms and receive all their income from farming. Most black farmers don’t qualify for the limited resource and social disadvantage programs provided by USDA. These programs can save black farmers. Enforcement is the element that is always forgotten. (*Mr. Philip J. Barker, Farmer, Oxford, North Carolina*)
- The impact of the agricultural crisis is especially acute for minority farmers who go out of business at over three times the rate of majority farmers. The causes of this land loss are denial of credit, discrimination towards assistance programs, and manipulative property transfers. Much of the discrimination can be traced to employees of local FmHA offices, not to mention simple neglect where farmers never learn about support services available to them. (*Land and Loss Prevention Project*)
- The ANR program leaders suggest the following to help efforts of limited-resource family farmers. USDA should continue the Farmers Home Administration Socially Disadvantaged Farmers Outreach and Technical Assistance Program. USDA programs should be considerate of alternative crops and sustainable agriculture producers. USDA should increase assistance to 1890’s and other small-scale agriculture groups to assure they retain their land. A national coalition should be organized to assist farmers in marketing and exporting their products.

Finally, youth should be encouraged to become involved in agriculture production. (*North Carolina A&T Cooperative Extension Service*)

- The most important problem facing African-American farmers is lack of access to capital. Another problem, according to the 1982 Civil Rights report, is that there are few African-American staff members in the agencies that make decisions about agriculture. The report also cited inequities in loan approvals and amounts. Our recommendation is for FmHA to restore a direct loan provision to be used for a revolving loan fund for nonprofit organizations such as Rural Advancement Fund (RAF) that work with minority farmers. (*Rural Advancement Fund*)
- Many black landowners have gotten out of farming because the old methods of farming are unprofitable. Cross training is one way to bring farmers back to work. For example, black farmers could be taught new skills such as how to operate trucks and bulldozers. An education program could be designed like a business plan with courses and objectives. Give Fennell’s Institute funding and we will help turn the economy around in North Carolina. (*Mr. Homer Fennell, Educator, Wilmington, North Carolina*)
- There is no profit left in farming, and equipment being used is 20 years old. People say that by the year 2000 there will be no black farmers left. USDA must take the lead in ensuring a healthy agricultural sector that is profitable. (*Mr. Tom Gilmore, State ASCS*)

Provide Accurate Government Statistics

- There are several recommendations. USDA should ensure that it promotes accurate knowledge of U.S. agriculture to the public by using correct farm income figures to calculate price support levels, loan programs, and disaster assistance. (*Women Involved with Farm Economics, Shorterm, Alabama*)
- USDA has mislead the public by releasing reports that show record farm income. The last period of record incomes was during the 1970’s. Since that time, commodity prices have stagnated, input costs have risen five times, and land prices have stagnated, causing young farmers to leave farming as a career. USDA must more accurately report the farm income situation. (*Mr. Murray Corriher, Farmer, China Grove, North Carolina*)

Farmers Home Administration Loans

- The high FmHA interest rates are hurting farmers. Therefore, interest rates should have maximum level rates. (*United Farmers Organization*)
- U.S. agriculture has been forced to compete on an uncertain international stage. Thus, there is continued pressure on farmers to obtain short-term and long-term capital to reduce risk. These are reasons why NCAFA, as a state agency, should continue to work in partnership with FmHA to provide FmHA loan guarantees. Improve the forms and paperwork requirements that go with FmHA loans. Second, the FmHA guaranteed farm ownership loan limit is set too low. An alternative is to give the \$300,000 limit with an additional \$300,000 during a period of 5 years if the borrower has performed well. (*North Carolina Agricultural Finance Authority*)
- There is a crisis in agriculture in the United States, and North Carolina leads the Southeast in loss of farms. In the last 12 years, North Carolina has lost 35 percent of its farms as the result of natural disasters, reduced credit, increasing costs, and lower commodity prices. The impact of this crisis is especially acute for minority farmers, who go out of business at over three times the rate of majority farmers. The causes of this land loss are denial of credit, discrimination towards assistance programs, and manipulative property transfers. Much of the discrimination can be traced to employees of local FmHA offices. (*Land and Loss Prevention Project*)
- I have been trying desperately to overcome the effects of the 1986 drought years. I applied for an FmHA loan, but was refused the right to apply for the loan because the loan officer saw a swimming pool in my backyard. The swimming pool is necessary for personal health reasons, and was recommended by my physician. After denial of the loan, I discovered there is a book printed by NCSBT-DC that could have assisted me. A section of the book is entitled FmHA Interest and Assistance in Small Business. I wish I had known about this information sooner. For the wrong that was done to me I am seeking the dismissal of Mr. Dougherty from the FmHA state payroll of SBTDC. (*Mr. Veta Ireland, President, Hemrick House Lighting, Hamptonville, North Carolina*)
- My farm was taken away from me by the FmHA through a racial and political action motivated by retaliation for my congressional testimony on September 26, 1984. My testimony was before Congressman Edwards' sub-committee on civil and constitutional rights. Mr. Secretary now has the opportunity and responsibility during USDA's reorganization to remove this institutionalized

system of racism. Please refer to the attached letters in support of my testimony. (*Farmers at Large, Riegalswood, North Carolina*)

Promote Trade and Prosperity Using Export Programs

- Tobacco exports generated \$40 billion in income for American workers and \$10 billion in federal, state, and local tax revenues. This foundation of rural communities throughout the Southeast is being destroyed by proposals to increase excise taxes, declining domestic consumption, and cutbacks in export program funds. Congress recently eliminated USDA's MPP funds for tobacco, which had previously achieved positive results in places such as Turkey. We propose that USDA restore MPP funds for tobacco growers and give tobacco growers access to export assistance programs such as GSM-102 and GSM-103 credit guarantees. (*Flue-Cured Tobacco Cooperative, Stabilization Corporation, Raleigh, North Carolina*)
- Tobacco exports make a significant contribution to the U.S. economy. In 1992, net exports of leaf tobacco and products contributed \$4.8 billion to the Nation's balance of trade and provided jobs for about 300,000 people. However, a number of forces threaten to diminish our exports, decrease farm income, and punish the tobacco industry unfairly. U.S. tobacco exporters are refused access to GSM credit guarantee programs. Second, Congress decided that tobacco cannot receive MPP funds to promote exports. We ask USDA to continue MPP funds and the GSM program for tobacco. (*Leaf Tobacco Exporters Association, Raleigh, North Carolina*)
- One of the issues is low commodity prices. To increase commodity prices and farm income, we should increase grain trade with foreign countries using the barter system. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)
- Increase use of the export enhancement program (EEP) to fight unfair subsidizing of other nations' products. (*Ms. Peg Malone, Concerned citizen, Burt, Michigan*)
- International trade plays a crucial role for the U.S. dairy industry. Dairy product exports, which have doubled the last 3 years, prevent domestic prices from lowering. Specifically, the DEIP program, or Dairy Export Enhancement Program, enables U.S. dairy producers to compete with the export subsidy programs of the EC and Canada. Without exports driven by DEIP, the CCC

would have to resort to purchasing the excess dairy products under the price support programs. (*American Agri-Women*)

- We recommend that USDA continue promotion of the Dairy Export Incentive Program (DEIP). DEIP activities help stabilize domestic prices. (*Carolina's Milk Producers Federation*)
- The United States lacks a credible, long-term strategic plan to direct Federal trade efforts. We recommend that USDA's resources be allocated strategically towards an agricultural export plan. One example of a successful program is the Market Promotion Program and the Foreign Market Development Program. However, private sector contributions should be mandatory for these market programs, and the funds should go directly to individual companies, not trade associations. The Foreign Agricultural Service should not be the marketing agency for products, but a partner working with the U.S. private sector. The Export Enhancement Program (EEP) and the credit guarantee programs are other effective tools for export market development. (*U.S. Meat Export Federation*)

Alternative Enterprises and Technology

- To increase commodity prices and farm income, we should increase production of ethanol. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)
- Oil interests are keeping a stranglehold on retail fuel suppliers which keeps ethanol from being available. (*United Farmers Organization*)
- We promote no-till as the best crop residue system to protect our soils and water and improve producer profitability. No-till provides an additional week of moisture during drought compared with conventional tillage. Water quality is also improved with no-till as evidenced by lower pesticide levels in run off. Cost savings on fuel will offset the increased costs of using herbicides needed under the no-till system. We need continued research provided by the ARS and land grant universities. (*North Carolina Crop Residue Management Alliance*)
- As President of the North Carolina Ostrich Breeders Association, I encourage USDA to look at the benefits of raising ratites, which include ostrich, emu, and rhea. There has been phenomenal growth in this industry, and we need support to continue the research efforts currently underway at the Ostrich/Ratite Research Foundation. A

ratite farm can revitalize a family farm, bring a high rate of return, and develop possible export markets. (*Ostrich Breeders Association*)

- We support and practice sustainable no-till crop production to stop soil erosion. The Food Security Act is a positive step in the right direction, but no-till farming with 100 percent ground cover is the ultimate answer. (*Mr. David Iles, Dairyman, Littleton, North Carolina*)
- We should increase production of ethanol. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)

Summary of Presentations and Submitted Papers

Presentations

James A. Graham, Commissioner of Agriculture, State of North Carolina

Agriculture is the number one industry in North Carolina and accounts for 30 percent of its gross state product. The North Carolina Department of Agriculture works closely with growers, commodity groups and other agencies to ensure the food supply is safe, animals are safely treated, products are pesticide-free, and resources are being protected. Tobacco farmers are concerned about the proposed tobacco tax; they ask that they be treated fairly. Strong farm management programs must be maintained and global markets pursued. The NAFTA is good for agriculture and a step in the right direction.

Mary Ann Shepherd, 1st Vice President, Women Involved with Farm Economics, Shorterm, Alabama

Farm profit loss is the most serious challenge facing agriculture production. We are price-takers. Unfortunately, commodity prices are not sufficient to cover farm input costs, rural property taxes, and living expenses. Why don't farmers receive a fair return on their investment in capital and labor? As evidence of the farmer's plight, we point out that the average farmer is 52 year old. There are several recommendations. USDA should ensure that it promotes accurate knowledge of U.S. agriculture to the public by using correct farm income figures to calculate price support levels, loan programs, and disaster assistance. USDA should reduce the rules and regulations that burden farmers with paperwork. A profit on the marketplace is essential for farmers because agriculture is the base of the economy.

Fred Bond, Chief Executive Officer, Flue-Cured Tobacco Cooperative, Stabilization Corporation, Raleigh, NC

The value of the North Carolina tobacco crop is about \$1 billion, annually, and contributing about 260,000 jobs. A study by Price Waterhouse indicated that tobacco exports generated \$40 billion in income for American workers and \$10 billion in federal, state, and local tax revenues. This foundation of rural communities throughout the Southeast is being destroyed by proposals to increase excise taxes, declining domestic consumption, and cutbacks in export program funds. Specifically, Congress recently eliminated USDA's MPP funds for tobacco, which had previously achieved positive results in places such as Turkey. We propose that USDA restore MPP funds for tobacco growers and give tobacco growers access to export assistance programs such as GSM-102 and GSM-103 credit guarantees.

Paul Dew, Executive Vice-President, North Carolina Agribusiness Council

My comments focus on USDA reorganization, the environment, and rural development. We support the proposed USDA "one-stop shopping" concept for USDA reorganization. We also support USDA's current strategy of encouraging changes in farming strategies to improve environmental quality through education and financial incentive rather than regulations. Finally, we support the increased focus on rural development in USDA's restructuring. Specifically, USDA should continue funding for research and extension programs, and continue partnerships with national agribusiness council.

Joann W. White, Farmer, Harmony, North Carolina

My focus is the proposed tax on tobacco to pay for the health care reform package. It is unfair to single-out tobacco products because tobacco growers already pay a fair share in taxes. The tobacco I produce generates \$62,000 per acre in state and federal taxes.

Why is the government trying to eliminate tobacco use yet trying to pay for the national health care program with a tobacco tax? Tobacco farmers should be treated fairly; otherwise, farmers like myself will be put out of work. A \$1 increase in cigarette tax would cause 14,000 people to lose their jobs in tobacco.

J.T. Bunn, Executive Vice-President, Leaf Tobacco Exporters Association, Raleigh, North Carolina

Tobacco exports make a significant contribution to the U.S. economy. In 1992, net exports of leaf tobacco and products contributed \$4.8 billion to the Nation's balance of trade and provided jobs for about 300,000 people. However, a number

of forces threaten to diminish our exports, decrease farm income, and punish the tobacco industry unfairly. U.S. tobacco exporters are refused access to GSM credit guarantee programs. Second, Congress decided that tobacco cannot receive MPP funds to promote exports. Third, a congressional restriction on imports of key foreign tobacco has angered foreign customers. We ask that USDA continue support to overcome non-tariff trade barriers abroad such as China's phyto-sanitary regulation barring U.S. tobacco. Second, we support NAFTA and the potential for opening markets that are now closed to U.S. tobacco. Finally, we ask USDA to continue MPP funds and the GSM program for tobacco.

Tom Garrison, Dairy Farmer, Pendleton, South Carolina

Dairy production is no longer a profitable industry. We are suffering from low milk prices-about the same prices received in the late 1970's. Because of low milk prices we cannot compete in the labor market, and workers are leaving the industry and going to other industries. To address this crisis in the dairy industry, the milk pricing system must change. The Minnesota-Wisconsin pricing system is unfair to dairy producers in milk deficit states such as South Carolina. The Federal price support system has not helped the dairy producers. Second, the milk marketing system must change. We must revitalize our dairy markets by tying consumption of dairy products to a nationwide prevention health care program.

Philip J. Barker, Farmer, Oxford, North Carolina

Black farmers are still on the farm because of the moratorium imposed by USDA on farm closures. We want to remain owners and operators of our farms. By the year 2000, there will be no more black farmers who own their farms and receive all their income from farming. Most black farmers don't qualify for the limited resource and social disadvantage programs provided by USDA. These programs can save black farmers. Enforcement is the element that is always forgotten.

Susan Sawatzki, Wife of Farmer, Saginaw, Michigan

The farming community is in a financial crisis now because the profit margins are small which forces foreclosures. The issues are low commodity prices, the banking industry, Federal Crop Insurance program, and the Food Stamp program. To increase commodity prices and farm income, we should increase grain trade with foreign countries using the barter system. We should increase production of ethanol. The loan rates should be raised so that commodity prices are more in line with inflation; this action would obviate the need for deficiency payments. The Federal Crop Insurance program should be improved to eliminate fraud and waste. There are

four suggestions: unit reduction; reevaluate land risk levels; mandatory compliance in the program; and use ASCS offices to implement the program.

Robert Caldwell, Master, North Carolina State Grange

North Carolina agribusiness is the state's number one business and the country's third-most diverse state. Commodities include tobacco, poultry, hogs, turkeys, dairy products, grains, cotton, peanuts, and sweetpotatoes. However, there are several key issues, from the Grange's standpoint, that USDA must address. Growers are facing increasing cost of registration and re-registration of chemicals. USDA should create a program to work with minor crops and chemicals. We need a faster and less expensive way. Second, the Grange supports USDA's proposal to close field offices provided the consolidation does not increase costs to farmers for the service they receive. Coordinate the moves and closures with local groups such as the Grange, Farm Bureau, and others. Third, the Grange supports the move to allow one USDA agency to make wetlands decisions. This will reduce the regulatory nightmare that farmers have lived under. Fourth, the Grange is against the rigid language of the Delaney Clause which blocks the use of many important chemicals. Environmentalists are tipping the balance in their favor at the expense of U.S. agriculture. Finally, the Grange asks that the administration reconsider the tax on tobacco products. There will be a severe impact on farming families.

James Ferguson, Chairman, North Carolina Soil and Water Conservation Commission

The North Carolina Soil & Water Conservation Commission supports USDA's reorganization proposal which consolidates technical assistance and cost-sharing conservation programs in one place at USDA. This results in a strong emphasis on natural resource conservation. Second, we support the partnership between USDA and the state and local conservation leaders. To illustrate the success of this partnership, this year the State-funded cost-share program provided \$8.25 million in direct help to farmers to solve water quality problems.

David Waller, Policy Director, Farm Plan Advocate, Oak City, North Carolina

America's small and medium-sized mainstream producers will face extreme hardship under the NAFTA agreement. The supplemental agreements are devastating from an environmental, consumer, labor, or farmer perspective. Glowing reports on the economic impact of NAFTA are based on faulty assumptions and an obsolete faith in trickle-down economics. There are five specific areas of concern: peanuts, livestock and poultry, the Accession Clause, and exports/net farm income. Mexico will be granted immediate access to the U.S. peanut

market, and this market access will have adverse economic impacts on the financial security of farmers in the Carolinas. In terms of livestock and poultry, following are five major problems: NAFTA would preempt the Meat Import Act of 1979, which prevents U.S. producers from being put out of business; NAFTA's elimination of feed cattle tariffs will double imports; NAFTA creates incentives for the U.S. meat packing and dairy operations to locate new facilities in Mexico; and finally, NAFTA could result in imports of tainted and diseased meat from Canada and Mexico. Third, other countries, including Australia and New Zealand, may gain access to the North American markets under the Accession Clause, thus threatening U.S. producers. Four, the multinational grain dealers stand to benefit from increased international trade under NAFTA, not the majority of small farms. Finally, NAFTA will eliminate the most effective farm programs in North America. For example, supply management and reasonable prices will be adversely affected if Section 22 provisions are converted to tariffs.

John Currin, President, North Carolina Association of County Office Employees

The farmer-elected committee system is a good system with a proven track record. The committees are comprised of farmers that are elected by farmers for the purpose of serving farmers. This system is responsive to the local needs. As evidence, one only need look at the success of the crop disaster programs for 1992 and 1993 under severe time constraints. Only if the farmer-elected committee system is present will our association support the proposed creation of a single Farm Service Agency (FSA).

Charles Snipes, President, Association Soil & Water Conservation District, Hillsborough, North Carolina

My remarks focus on the streamlining of USDA and maintenance of the partnership between USDA and local soil and water conservation districts. The Secretary's proposal to streamline USDA reflects on the administration's efforts to protect and improve our natural resources and the environment. There is much work remaining. In addition to our traditional conservation programs, our districts are also implementing the North Carolina Agricultural Cost-Share Program and helping farmers meet the conservation requirements of the 1985 and 1990 farm bills. The efforts to solve natural resource problems can only be continued with the partnership of USDA's Soil Conservation Service and our local soil conservation districts.

J. Larry Barbour, Farmer, Clayton, North Carolina

As a 21-year member of the farmer-elected county committee system, my major concern is that the restructuring of USDA may take away this system, resulting in a loss of privileges to

farmers. We do not want another bureaucracy established which could make programs more complicated. The farmer-elected committee persons are responsive to needs of counterparts because they are neighbors. This is not the case with federal bureaucrats. The current system works well. Second, I do not support the proposal to transfer conservation programs of ASCS to the Soil Conservation Service. The committee systems mentioned above fairly provides cost-share dollars to those farmers with conservation needs. Please do not change the structure of farmer-elected county committees and county employees at ASCS which has provided economical services for the last 60 years.

Bob Junk, President, PA Farmers Union

Dairy farmers receive insufficient milk prices. There are eight steps USDA can take to improve the desperate farm income situation. First, raise the milk support price by \$0.50 cwt. Second, pass emergency provisions to set the basic formula prices at \$13.09 cwt until the 1995 farm bill is passed. Next, to stabilize prices, USDA needs to implement a supply management program which assigns base to producers. Four, reform milk marketing orders to maximize returns to producers. Five, Class III-A pricing should not be implemented because it lowers the blend price for producers. Six, the National School Lunch Program should be expanded, and whole milk should remain an option for students. Seven, continue research on the synthetic bovine growth hormone before it is approved for use. Finally, do not approve NAFTA if it includes the loss of Section 22 provisions; this would deprive milk producers of the ability to use supply management programs.

John Parker, Assistant to the President, North Carolina Farm Bureau

Our concerns are on streamlining USDA, increasing farm income, and increasing agricultural exports. With respect to reorganization and streamlining, we ask that you begin at USDA's headquarters in Washington, D.C. The direction should not be focused on the field offices where the services to farmers are actually delivered. The "one-stop shopping" concept can only be effective if the service centers are carefully chosen—consideration must be given to topography, distance, and normal marketing channels. We are concerned over the proposal to shift conservation cost-share programs from ASCS to a new conservation agency. Please maintain the current elected committee systems within counties. Finally, we recommend that no merger take place between the Packers and Stockyards Administration and the Federal Grain Inspection Service. Global agricultural competition has greatly impacted on U.S. farmers today. One factor has been the exportation of technology from land grant universities and the ARS. Another factor is the increasing burden of regulation and restrictions on land use and inputs. A level playing field goes beyond tariffs and non-tariff barriers. Given this global

economy, future USDA policy must allow agriculture to be competitive, flexible, and stable. Agricultural exports are crucial to maintaining a viable industry. Thus, we support the GATT and NAFTA negotiations. Our reservations are that we will lose the protection of Section 22. Producers of Section 22 commodities cannot compete with low-cost developing countries.

Horace Godfrey, Farmer, Littleton, North Carolina

I have a few recommendations concerning the proposed reorganization of USDA. First, the farmer-elected committees must be reactivated and adequately funded. Second, I strongly disagree with transferring the ACP to NRCS. The ASCS office has the ability to operate these programs. To reduce federal expenditures, I recommend the following: consolidate division commodity offices but minimize impact on farmers; eliminate middle management positions; eliminate all state district directors in all agencies; review need for area directors; and transfer sweetener functions in ASCS to DASCO.

Ward Shaw, Executive Vice President, North Carolina Soybean Association

We favor USDA's reorganization under one Farm Service Agency (FSA); however, we ask that you reduce paperwork so that farmers don't waste time. Service should be the driving theme. Second, we support your proposal to establish the SCS as the single entity to farmers for wetlands regulation; we commend these efforts to revise the Delaney Act. Third, on the issue of set-aside acreage, we request a change in the policy to enable a farmer unrestricted planting of non-program crops once the wheat crop is harvested. Currently, farmers must idle acreage in order to comply with the wheat program. Four, we support passage of NAFTA. Finally, we fully support USDA's priority of rural development. The prosperity of our towns and villages is a reflection of the prosperity of the surrounding farm communities.

Peg Malone, Concerned Citizen, Burt, Michigan

My focus today is how we can increase farm income and revitalize rural America. In 1990, the average net farm income was only \$5,742.00 and 85 percent of total household income came from sources other than farming. The reasons for low income levels are low commodity prices and the risks faced by farmers, including natural disasters, embargoes, disease, and market manipulation. As the result, we must now pay for food stamp programs, higher deficiency payments, and other entitlement programs. To address these basic problems and reduce USDA budget outlays, there are several things USDA can do. Ethanol production and use must be increased, which results in new jobs for farming, processing, and construction. Second, USDA must stop dumping of foreign agricultural products into the U.S. by assessing tariffs and duties on

imports from countries which do not have similar wages and costs of production. Third, increase use of the export enhancement program to fight unfair subsidizing of other nation's products. Four, reduce wasteful paperwork and record-keeping by streamlining ASCS reporting requirements so that reports accurately reflects farm operations.

**Victor Crosby, Chairman, Legislative Committee,
United Farmers Organization**

My purpose today is to outline problems facing rural farmers and possible solutions. Fortunately, there are solutions to each of these problems. ASCS programs and the Board of Trade practices ensure that farm prices are below the cost of production. The GATT and NAFTA agreements also spell disaster for U.S. farmers. In response, USDA should continue the moratorium on farm and small business foreclosures and repossessions. Oil interests are keeping a stranglehold on retail fuel suppliers, which keeps ethanol from being available. The high FmHA interest rates are hurting farmers. Therefore, interest rates should have maximum levels. Finally, the Carolinas have been declared disaster areas and one-half of the bridges need replacing. SCS should work with the DOT to use highway and bridge funds to build water-storage areas.

**Frank Bordeaux, Executive Director, North Carolina
Agricultural Finance Authority**

My objectives today are to provide an overview of the economic trends faced by borrowers and to look at the farm credit situation and role played by NCAFA with FmHA. Today there are non-agricultural parallels (e.g. IBM) to agriculture's economic plight of a decade earlier. U.S. agriculture has been forced to compete on an uncertain international stage. Thus, there is continued pressure on farmers to obtain short-term and long-term capital to reduce risk. These are reasons why NCAFA, as a state agency, should continue to work in partnership with FmHA to provide FmHA loan guarantees. One suggestion is to improve the forms and paperwork requirements that go with FmHA loans. Second, the FmHA guaranteed farm ownership loan limit is set too low. An alternative is to give the \$300,000 limit with an additional \$300,000 during a period of 5 years if the borrower has performed well.

**David H. Harris, Jr., Executive Director, Land and
Loss Prevention Project**

There is a crisis in agriculture in the United States, and North Carolina leads the Southeast in loss of farms. In the last 12 years, North Carolina has lost 35 percent of its farms as the result of natural disasters, reduced credit, increasing costs, and lower commodity prices. Farmers have thus been displaced with accompanying homelessness, unemployment, and welfare-dependency. The impact of this crisis is especially acute for minority farmers, who go out of business at over three

times the rate of majority farmers. The causes of this land loss are denial of credit, discrimination towards assistance programs, and manipulative property transfers. Much of the discrimination can be traced to employees of local FmHA offices, not to mention simple neglect where farmers never learn about support services available to them. The efforts to address the problems of discrimination have been coordinated with Congressman Espy by the Federation of Southern Cooperatives, the Farmers' Legal Action Group, the National Family Farm Coalition, and LLPP. One result was a provision in the 1990 Farm Bill to authorize \$10 million each year to schools and organizations to provide technical assistance to minority farmers. I have several specific recommendations. Price supports should be increased and there should be a fairer distribution of other benefits to small family farmers. USDA should not split FmHA farm and housing programs into two agencies under different Under Secretaries nor place conservation components of the SCS with another Under Secretary. This defeats the idea of one-stop shopping espoused by Secretary Espy. The National Appeals Division should be totally independent from any agency of USDA, and we support the provisions of the National Appeals Division Act of 1993. NAFTA cannot be supported because it will abolish Section 22, resulting in a flood of cheaper imported goods that will leave North Carolina unable to compete. Finally, there are recommendations on discrimination issues, in addition to what is discussed above; USDA should implement and enforce recommendations in the 1982 Commission Report; and USDA should support enactment of the National Appeals Division Act of 1993.

**Norfleet L. Sugg, Chief Executive Officer, NC Peanut
Growers Association**

Our concerns are focused on the threat of pending trade agreements, particularly NAFTA, to producers of peanuts. The replacement of Section 22 with tariff rate quotas will give Mexican growers an economic advantage over U.S. producers. As subsidies decrease, U.S. corn and soybean could induce Mexican producers to shift to commodities such as peanuts. Peanut producers also fear increases in imports of peanut butter from Canada, a repeat of what happened since ratification of the Canada Free Trade Agreement. Canada imports peanuts from Argentina and China and reexports butter to the U.S. Finally, legislation must contain provisions about quality for reentry of previously exported peanuts.

David J. Noles, Farmer, Lincolnton, North Carolina

In the wake of the 1993 honey disaster, my focus is on the problems in the honey-bee industry in North Carolina. There are problems with the disaster provision regulations of the farm bill because one cannot decide which honey is marketable and which is not. In the disaster program, there are also no provisions to replace honey in the brood box. After

the drought there is no honey in the brood box to feed the bees during the winter. In Lincoln County we have lost over 200 stands of bees due to use of pesticides in apple production. USDA needs to educate growers on the use of pesticides. Finally, there is a problem with the backyard hobby beekeeper. We request that authorities require that all beekeepers register their bees to be inspected.

**Veta Ireland, President, Hemrick House Lighting,
Hamptonville, North Carolina**

I have been trying desperately to overcome the effects of the 1986 drought years. I applied for an FmHA loan, but was refused the right to apply for the loan because the loan officer saw a swimming pool in my backyard. The swimming pool is necessary for personal health reasons, and was recommended by my physician. After denial of the loan, I discovered there is a book printed by NCSBTDC that could have assisted me. A section of the book is entitled FmHA Interest and Assistance in Small Business. I wish I had known about this information sooner. For the wrong that was done to me, I am seeking the dismissal of Mr. Dougherty from the FmHA state payroll of SBTDC.

**Tim Pigford, Farmer, Farmers at Large, Riegelwood,
North Carolina**

My farm was taken away from me by the FmHA through a racial and political action motivated by retaliation for my congressional testimony on September 26, 1984. My testimony was before Congressman Edwards' subcommittee on civil and constitutional rights. Mr. Secretary now has the opportunity and responsibility during USDA's reorganization to remove this institutionalized system of racism. Please refer to the attached letters in support of my testimony.

**Ardath DeWall, 1st Vice President, American Agri-
Women**

I am President-Elect of the American Agri-Women, a national coalition of farm and ranch women united to promote agriculture in the U.S. I am also a dairy farmer. International trade plays a crucial role for the U.S. dairy industry. Dairy product exports, which have doubled the last 3 years, prevent domestic prices from lowering. Specifically, the DEIP program, or Dairy Export Incentive Program, enables U.S. dairy producers to compete with the export subsidy programs of the EC and Canada. Without exports driven by DEIP, the CCC would have to resort to purchasing the excess dairy products under the price support programs. However, I have concerns about the proposed trade agreements, GATT and NAFTA. I feel the concept of a level playing field has been abandoned because other countries will have an advantage after the proposed reductions in export subsidies. My concern with NAFTA is the proposed replacement of Section 22 import quotas with a

system of tariffs (i.e. tariffication). The U.S. milk prices would still be too low even if world prices rose 30 to 40 percent, thus threatening the profitability of U.S. dairy farmers. Increasing market share does little good to the U.S. farmer if domestic prices must be reduced.

**Bob Cathey, President, North Carolina Trellised
Tomato Growers**

My comments address the need to reorganize the disaster program. I feel the participants who receive money don't deserve or need it. I have never qualified for the program because my tomato yields are too high. Other farmers who do a good job managing will never qualify for disaster assistance. I recommend the following changes to the program: low or no interest loans; require producers to pay the money back; and make crop insurance affordable and available for everyone.

**Ron Day, Farmer, North Carolina Crop Residue
Management Alliance**

Our organization is promoting no-till as the best crop residue system to protect our soils and water and improve producer profitability. No-till provides an additional week of moisture during drought compared with conventional tillage. Water quality is also improved with no-till as evidenced by lower pesticide levels in runoff. Cost savings on fuel will offset the increased costs of using herbicides needed under the no-till system. Burn-down herbicides have a negligible risk compared with the trauma inflicted under full till and disc systems. In summary, we need continued research provided by the ARS and land grant universities.

George Rolofson, Ciba-Geigy Corporation

CIBA is a major provider of agricultural chemicals to American farmers, and our products help farmers make a profit. Quality determines whether products will be purchased or docked, and we must ensure that farm inputs are available to enhance this quality. However, USDA recently proposed changes in pesticide regulations that may negatively impact on farmers' profits. The following issues must be clarified. What is USDA's definition of IPM? Use reduction of pesticides as a goal, but do not expect zero detection. The conservation calculation for tolerance standard, as proposed by USDA, is very inaccurate.

**Murray Corriher, Farmer, China Grove, North
Carolina**

USDA has misled the public by releasing reports that show record farm income. The last period of record incomes was during the 1970's. Since that time commodity prices have stagnated, inputs cost have risen five times, land prices have stagnated, causing young farmers to leave farming as a career.

USDA must more accurately report the farm income situation. Free and fair trade must be encouraged for agriculture products. The USDA can save money by restructuring ASCS, FmHA, and SCS into one office. These savings will benefit the private sector by increasing capital for economic development. Next, USDA should reduce the burden of regulations and paperwork such as the 60,000 pages of ASCS regulations. Finally, disaster funds and crop insurance must be better targeted to those operations that truly need assistance. Crop insurance must be affordable for cash-strapped farmers.

Leonard C. Cooper, President, Organic Crop Improvement Association

Organic peanut farmers are discriminated against for growing peanuts for export markets unless they have a peanut quota. The Peanut Growers Association interest is not in foreign markets but in controlling the domestic market. There are export opportunities for U.S. organic peanuts in Canada, the Netherlands, England, and Japan. Currently, that demand is being met by other countries such as China and Mexico. USDA, through ASCS, must change the quota system to enable participation by organic peanut exports.

Ronald L. Dameron, President, Ostrich Breeders Association

As President of the North Carolina Ostrich Breeders Association, I encourage USDA to look at the benefits of raising ratites, which include ostrich, emu, and rhea. There has been phenomenal growth in this industry, and we need support to continue the research efforts currently underway at the Ostrich/Ratite Research Foundation. A ratite farm can revitalize a family farm, bring a high rate of return, and develop possible export markets.

Nan H. Griswold, Executive Director, Food Bank of Northwest North Carolina

My objective today is to discuss the Emergency Food Assistance program (TEFAP), how food banks can help streamline the distribution of food, and why USDA's proposed \$45 million cut in TEFAP funding should be reconsidered. We believe that government regulations are the culprit in preventing much needed food from reaching the needy in this state. The present system of state-by-state and county-by-county distribution of TEFAP commodities creates logistical nightmares. Also, county social service workers distribute TEFAP, taking their time away from other crucial duties. We recommend that TEFAP be consistent in every state, and the food banks be allowed to give these commodities to other agencies with reimbursement from the government for administrative costs. The TEFAP paperwork must be reduced.

Betty Grum, 2nd Vice President, American National Cattlewomen

The American National Cattlewomen, Inc. (ANCW), composed of women in the beef cattle industry, is focused on the promotion of beef as a nutritious food and the production of beef cattle as an industry. U.S. agriculture is changing and there are issues that must be dealt with in the near future. Animal care is in the best interests of the producers, guaranteeing him a healthy, high-quality product. Environmental overregulation will threaten cattle production, so programs must remain at the state and local level to ensure relevant measures are being taken. Private property rights must be preserved. If property is taken because of a regulation, the landowner must be compensated. We strongly recommend that the \$600,000 estate tax credit be retained. Scientific facts must be the basis for determining food and nutrition policy and how the public is educated. Government overregulation of the cattle industry reduces each rancher's resources to devote to safe, efficient production of beef. We support the current system of beef inspection. Finally, ANCW is concerned that insurance is not affordable.

Mary Clouse, Rural Advancement Foundation International

The litmus test for any USDA policy change is whether it increases net farm income. That's what farmers need and that's what farm policies of the past 15 years have failed to provide. Poultry contract farming has recently emerged as a way for young farmers to stay on the farm, diversify, and earn a steady income. The industry leaders and owners have seen returns on their assets of 20 to 30 percent, but the poultry growers do not nearly achieve that level of profit. A poultry contract farm is a deceptively profitable farm at best. The profit is even more questionable when one considers the recent heat wave that killed many birds, and second, the allegations of industry corruption. We propose several solutions. USDA should hold special field hearings to elicit opinions from growers, bankers, and industry officials. Strengthen the Packers and Stockyards Act coverage for poultry growers. Reassign resources within the Packers and Stockyards Administration to reflect the consumer move to poultry from red meat. Include contract farmers for coverage when redesigning the Federal Crop Insurance program. In terms of NAFTA and GATT, our industry feels increased exports will only benefit the multi-national grain traders and poultry processors; the farm income of contract growers will not increase by one penny. Finally, we support USDA's streamlining proposal to move the National Appeals Division to become an independent office under the Secretary of Agriculture. We also fully support the proposed consolidation of departments to become the Farm Service Agency.

Renee Price, Environmental Planner, Agricultural Resource Center

The Agricultural Resources Center (ARC) has a special interest in the use and misuse of pesticides, their effects on the environment and public health, and the promotion of sustainable, lower-toxic alternatives. Sustainable agriculture is a whole system approach that requires long-term stewardship of natural and human resources and well as providing adequate financial returns to farmers and the communities. There are many developments that alert us to the need for a change in conventional agriculture. The ARC thus urges USDA, in concert with other public agencies and organizations, to support the transition to sustainable agriculture in the following ways. USDA should support funding for the SARE program. All research and extension programs must be reevaluated to determine if sustainability results from the program. The Organic Food Production Act must be implemented. The Delaney Clause of the Federal Food Drug and Cosmetic Act must be enforced. Avoid high-technology solutions such as irradiation, herbicide-tolerant crops, and bioengineered hormones. Finally, prioritize research into least toxic alternatives for pest control in minor crops.

Betty Bailey, Rural Advancement Foundation International

The objective of the Rural Advancement Foundation International-USA (RAFI), a nonprofit organization, is to preserve family farms, conserve crop diversity, responsible use of new technology, and sustainable agriculture. Working with nonprofit church, community, and government groups, RAFI supports agricultural sustainability by promoting policy changes. The scope of the problem facing agriculture today is immense. About 500,000 family farms were driven out of business during the 1980's, and the trend is expected to continue. Thus, my comments focus on what USDA can do to improve farm income through agricultural sustainability. The areas of activity are marketing, farm services, lending, commodity programs, rural development, research, and trade. As an example, here in North Carolina we have developed several model programs from which other government programs can draw, including a Farmers Market/WIC program, a conservation cost-share program, and a rural-based private bank program. The peanut and tobacco programs form the infrastructure and foundation of North Carolina agriculture. Thus, I recommend the following actions by USDA. Encourage support for the Farmers Market/WIC program and examine other food assistance programs that can match needs of the hungry with those providing the food. USDA should look at public support for conservation measures enacted by farmers such as reduction in pesticides and herbicides. Use FmHA loans guaranteed loans to leverage support for sustainable enterprises by farmers and community members. Join members in Congress in holding a forum to focus on sustainable agriculture.

Increase funding and outreach for the sustainable provisions of the 1990 Farm Bill: OFPA, IFMPO, WQUI, and SAREP. Finally, USDA should work closely with the President's Council on Sustainable Development.

David Henderson, Owner, Henderson Forestry Consultant Company

My forest landowner clients reforested approximately 3,000 acres on at least 70 different tracts. Many of these acres were planted with assistance through the local ASCS office's Forestry Incentive Program (FIP). I am against the proposal to replace FIP by the Stewardship Incentive Program (SIP). The FIP is easy to use and efficient, while the SIP involves unnecessary government bureaucratic involvement because of the number of agencies that play a role. The FIP is a good government program that meets the reforestation and forest management needs of most forest owners.

David Iles, Dairyman, Littleton, North Carolina

All dairymen continue to add cows chasing a larger return for milk sales in a futile attempt to balance cash flow needs. We have lost 55 percent of our dairies in the last 10 years, with no reduction in the supply of milk. The only fair way to address the needs of the industry and the consumer is to adopt a two-tier plan as advocated by the National Dairy Campaign. Under this plan, the government would no longer have surplus milk and dairy subsidies. A more realistic pricing method is needed than the current system of the Green Bay Exchange, which sets the milk price by the price of cheese. However, only 0.02 percent of the cheese manufactured in the United States is sold on the Green Bay Exchange. We also support and practice sustainable no-till crop production to stop soil erosion. The Food Security Act is a positive step in the right direction, but no-till farming with 100 percent ground cover is the ultimate answer. In summary, agriculture in general and the dairy industry in particular is dying because of low commodity prices and changes in tax laws that have adversely impacted us.

Kay Elrod, Dairy Farmer, Piedmont, South Carolina

The current system of milk pricing is not working in this country. Dairy farmers receive below their cost of production price for their milk, and are in a Catch 22 situation when they try to change the pricing policy. Congress tells us to work with the co-ops as stipulated in the Kapper-Volstead Act, and the co-ops tell us they do not set national dairy policy. We have nowhere to turn. We request that USDA support a two-tier, cost of production, supply management-type program. Only with this type of system will the dairy farmer receive the price he deserves.

Madison Angell, President, National Association of Wheat Growers

The current system of crop insurance works for some farmers and not for others. In a disaster year such as this, my disaster eligibility is calculated from a frozen, assigned, county yield that could be 30-50 percent lower than my yield expectation. Therefore, I experience a significant loss long before the ASCS office agrees with my assessment. Thus, the current freeze on ASCS payment yields should be lifted, and a yield floor should be established below which the yield cannot drop in the event of disasters. We also request that USDA review the retroactive adjustment method used for wheat between 1990 and 1992. There must be a better method for determining 1993 quality losses. The NAWG has stated preference for the current system over an ASCS delivery of crop insurance, but we disagree. USDA needs to reform crop insurance so farmers receive better service from USDA. Finally, \$2.80 level of crop insurance, based on a high-price-election, is entirely inadequate. We prefer that FCIC continue with the 1993 price election of \$3.00.

Daniel M. Lyons, ANR Program Coordinator, North Carolina A&T Cooperative Extension Service

The Cooperative Extension Programs at the 1890 colleges provide educational services to limited resource family farmers. The ANR program leaders suggest the following to help efforts of these farmers. USDA should continue the Farmers Home Administration Socially Disadvantaged Farmers Outreach and Technical Assistance Program. Second, USDA programs should be considerate of alternative crops and sustainable agriculture producers. USDA should increase assistance to 1890's and other small-scale agriculture groups to assure they retain their land. A national coalition should be organized to assist farmers in marketing and exporting their products. Finally, youth should be encouraged to become involved in agriculture production.

Bill Harris, President, Carolina's Milk Producers Federation

Dairy farmers are being forced to reconsider staying in the business because of increasing input costs and regulations combined with decreasing milk prices. However, we commend USDA for maintaining the Federal Order Class I price differentials, which ensure the supply of milk to areas where the supplies are irregular. We also recommend that USDA continue promotion of the Dairy Export Incentive Program (DEIP). DEIP activities help stabilize domestic prices. We support the proposed self-help program as it is currently structured. In summary, we encourage USDA to support policies as above that ensure dairy farmers a fair and stable milk price.

Gordon Washburn, President, VASCOE

I support the administration's proposal of consolidating ASCS, FmHA, and FCIC into the Farm Services Agency (FSA). However, I question why the Soil Conservation Service (SCS) is not included in the FSA conglomerate? This program has been administered efficiently by ASCS for over 50 years. A better idea would be to combine ASCS and SCS because ASCS program operations depend on the technical operations of SCS.

Billy Harvey, Project Director, Rural Advancement Fund

The Rural Advancement Fund (RAF) is a nonprofit organization that works with farm families to provide the following services: farm hotline, marketing assistance, bankruptcy counseling, and farm demonstration projects. The objective of the fund is to ensure that family farm operations are saved. The most important problem facing African-American farmers is lack of access to capital. Another problem, according to the 1982 Civil Rights report, is that there are few African Americans staff members in the agencies that make decisions about agriculture. The report also cited inequities in loan approvals and amounts. Our recommendation is for FmHA to restore a direct loan provision to be used for a revolving loan fund for non-profit organizations such as RAF that work with minority farmers.

Charles A. Harvey, Executive Vice President, Tobacco Growers Association

The export market will be seriously impacted by the recent passage of the law requiring all U.S. cigarettes contain 75 percent U.S. grown flue-cured and burley tobacco. Approximately 60 percent of flue-cured tobacco is exported. This new content requirement mandates that we now compete with cigarettes made from 100 percent foreign tobacco. The 500 million pounds the U.S. imports will still need to be exported. We request that USDA fully study the impact of this proposal. We also recommend that USDA study tobacco's marketing system: the profitability of current market facilities, delivery volume, and the grading process. Another recommendation is that USDA change the regulations regarding burley quotas so that forfeited quotas are reallocated to growers in the same state. Finally, regarding USDA's restructuring, we recommend that all farmer services be provided under one agency, that all information be computerized, and that USDA restrict its services to agriculture and not social services.

Jerry Murrell, Farmer, Gibsonville, North Carolina

The regulations passed with the 1985 and 1990 farm bills are overburdening U.S. farmers. These farmers are already

plagued with droughts, diseases, and low prices for their products. For example, the Food Security Act tells farmers what crops they can plant and when. To save tax dollars, we should scuttle agencies such as the Soil Conservation Service and put farmers to work on the next farm bill. Then we can get the price of farm products above production costs so they don't need taxpayer help.

Louis Dozier, Farmer, North Carolina

I disagree with the first panelist that we shouldn't combine efforts towards agriculture and social areas. I feel the two areas are related. I ask that we consider past efforts at urban development as a metaphor for rural development. In spite of the glass buildings and parking lots built during the 60's and 70's, there are still homeless and jobless in the cities. The social aspect of agriculture is important. A farmer who is forced off the farm will end up in the city and we will pay the social costs associated with unemployment. USDA must make funds available to small farmers.

Homer Fennell, Educator, Wilmington, North Carolina

There are many black landowners who have gotten out of farming because the old methods of farming are unprofitable. They are holding land that is not being cultivated. Cross training is one way bring farmers back to work. For example, black farmers could be taught new skills such as how to operate trucks and bulldozers. An education program could be designed like a business plan with courses and objectives. Give Fennell's Institute funding and we will help turn the economy around in North Carolina.

Tom Gilmore, State ASCS

There is no profit left in farming, and equipment being used is 20 years old. People say that by the year 2000 there will be no black farmers left. USDA must take the lead in ensuring a healthy agricultural sector that is profitable.

Susan Sawatzki, Wife of Farmer, Saginaw, Michigan

I want to summarize my daughter's testimony read at another ag forum. The American farmer is in trouble as evidenced by bare fields and poverty. More and more farmers are going bankrupt because of high expenses and low commodity prices. Farmers are asking USDA to help them lead a more comfortable life so that farming does not become a memory.

Joann White, Farmer, Harmony, North Carolina

Tobacco is my livelihood. Therefore, I ask that when you return to Washington, D.C., talk to President Clinton and request that others help pay the tax burden being proposed for cigarettes.

Submitted Papers

Lisa Hessman, Director, The Catholic Diocese of Dodge City

According to state sources, low farm income levels have resulted in the loss of 2,000 farms in the State of Kansas between 1991 and 1993. The entire rural community is impacted by the loss of farms. It is an absolute necessity to get a fair return to the costs of production on a farm. The specific causes of farm foreclosures are devalued property values, tighter credit, and declines in commodity prices. Rural salaries are, on average, 27 percent lower than in suburban areas, and rural poverty is worse as well. USDA policy-makers must work with rural residents when "reinventing the wheel" of farm policy. Local model organizations must be funded that work with farmers and communities. Finally, multi-national corporations that move into rural areas have an obligation to pay a fair price for the raw materials and resources they exploit.

Jeff Oates, U.S. Meat Export Federation

Agricultural exports and farm income are inextricably linked. Expanding exports of U.S. agricultural products is a matter of national interest; therefore, U.S. trade policy, in combination with federally-funded export programs, should enhance new business opportunities for the private sector in international markets by removing both tariff and non-tariff trade barriers. Thus, the Meat Industry Trade Policy Council firmly supports the NAFTA as well as the conclusion of the Uruguay Round of the GATT. We are against the Blair House Agreement's provision which enables countries to aggregate commodities to meet import levels; this will result in 300,000 to 400,000 metric tons of lost pork exports to the EC. However, we do support the Agreement's prohibition of the EC's subsidized beef products from entering new markets in the Pacific Rim. Finally, we support the proposed sanitary and phytosanitary provisions of the Uruguay Round. In terms of marketing, the United States lacks a credible, long-term strategic plan to direct Federal trade efforts. Specifically, we recommend that USDA's resources be allocated strategically towards an agricultural export plan. The plan should focus on sectors which will most benefit the industry and rural America—trade policy should complement domestic farm policy. One example of a successful program is the Market Promotion Program and the Foreign Market Development Program. Private sector contributions should be mandatory for these market programs, and the funds should go directly to individual companies, not trade associations. The Foreign Agricultural Service should not be the marketing agency for products, but a partner working with the U.S. private sector. The Export Enhancement Program (EEP) and the credit guarantee programs are other effective tools for export market development. Finally, we support new technology in the meat

inspection system to assure importers that our meat is the safest in the world, but we oppose the merger of FSIS with the FDA. This merger could jeopardize FSIS's efforts to revolutionize meat inspection in the United States.

Frank B. Barick, Wildlife Consultant, Raleigh, North Carolina

Hunting bobwhite quail is a favorite pastime of thousands of hunters. However, recent declines in numbers of the bobwhite quail is partly attributed to farming practices which include clean ditchbanks and farming right up to the edge of the ditch. Current regulations which require that ACR wildlife practices are sufficient in most cases, but in prior drained areas containing drainage ditches management problems exist which affect the livelihood of quails. Additionally, serious erosion results from improper management of drainage ditches. One solution is to manage the ditches by planting shrubbery. These areas, called filter strips, would qualify for ACR credit and take land out of production while providing the farmer with additional income. Filter strips would reduce run-off of farm chemicals and soil. This modification would also allow the quails to prosper once again and permit farmers to earn income from sales of hunting privileges.

Hal Hamilton, Director, Community Farm Alliance

The tobacco industry is faced with many problems. The Community Farm Alliance proposes that USDA support the establishment of a Tobacco Region's Reinvestment Fund (TRRF). The purpose of TRRF is to issue Commodity Credit Corporation loans, tobacco-quota-retirement credits, and grants. All of these activities may assist in the development of diverse agricultural enterprises in America's tobacco growing regions. The amount of TRRF investment should be proportional to each county's historical production, number of growers, and the percentage of income from tobacco sales. The TRRF would be composed of a three-tiered administrative structure. The revenues and income to the Fund would be expended in a revitalization effort of tobacco regions in America.

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